

## Press release

TKH Group N.V. (TKH)  
Trading update Q3 2011

## Strong improvement of the results

### Highlights third quarter

- Increase in turnover of 14.6%, of which 11.3% autonomous.
- Turnover increase strongest in Industrial Solutions.
- Operational result (EBITA) up 20.3%.

### Outlook

- TKH maintains the expectation that for the full year 2011 a net profit before amortization between € 55 to € 60 million will be realized.

### Key figures first nine months

(in € million unless otherwise stated)

	9 months 2011	9 months 2010	Difference in %
Turnover	803.5	642.4	+ 25.1
EBITA	67.1	47.6	+ 40.9
Net profit before amortization <sup>1)</sup>	44.0	27.2	+ 61.8
Net profit	40.3	24.2	+ 66.6
Net earnings per ordinary share (in €)	1.07	0.65	
Solvency	43.9%	44.0%	
ROS	8.3%	7.4%	

### Key figures third quarter

(in € million unless otherwise stated)

	Q3 2011	Q3 2010	Difference in %
Turnover	254.2	221.7	+ 14.6
EBITA	20.7	17.2	+ 20.3
Net profit before amortization <sup>1)</sup>	12.7	9.3	+ 37.0
Net profit	11.4	8.2	+ 38.0
ROS	8.1%	7.8%	

<sup>1)</sup> Amortization of intangible non-current assets relating to acquisitions (after taxes).

Alexander van der Lof, CEO of technology company TKH: "Turnover and result in the third quarter developed in line with our expectations. The success of our innovations has translated into a further strengthening of our market position in the segments in which TKH operates. A few end markets show signs of weakening of the market circumstances. The impact of this was limited in the third quarter, although the order intake in the industrial segment did slightly decrease, compared to last year. The total order intake of the Building and Telecom Solutions on the other hand increased."

## Developments third quarter

Turnover in the third quarter of 2011 increased by 14.6% to € 254.2 million (Q3 2010: € 221.7 million). Of this total, 1.5% was due to higher raw material prices charged on to customers. Acquisitions contributed 3.5% to the turnover growth. The divestment of the GSM activities in 2010 on the other hand, resulted in a decrease in turnover of 1.7%. On balance organic growth was 11.3%. EBITA rose 20.3% to € 20.7 million (Q3 2010: € 17.2 million). EBITA increased strong in all three segments.

In the third quarter of 2011, costs were at a lower level than in the second quarter of 2011, but increased by € 10.3 million when compared to the third quarter of 2010 due to the higher level of activities. ROS increased compared to the third quarter of 2010 from 7.8% to 8.1%. Net profit before amortization came in at € 12.7 million (Q3 2010: € 9.3 million). The net profit after amortization rose to € 11.4 million in the third quarter (Q3 2010: € 8.2 million).

Working capital increased in the third quarter by € 7.5 million compared to June 30, 2011. Working capital as a percentage of turnover was 15.0%. TKH operates well within the covenants agreed with its banks. The net bank debt at the end of the third quarter of 2011 stood at € 139.8 million, an increase of € 11.5 million compared to the second quarter, mainly as a result of acquisitions. The solvency ratio was 43.9% at the end of September 2011 (30 June 2011: 43.5%).

## Telecom Solutions

In the Telecom Solutions segment, turnover decreased compared to third quarter 2010 by 0.5% from € 40.9 million to € 40.7 million. This is particularly due to the divestment of the GSM activities in the third quarter of 2010, which had a negative impact on turnover of 9.1%. Organic growth was therefore 8.6%. This growth was achieved in the optical fiber and copper network segments. In both segments the level of investment in the market increased, driven by the need to upgrade the capacity and quality of the networks as a result of the strong growth of internet traffic. EBITA rose strongly in the third quarter of 2011, when taking into account the net gain of € 2 million in the third quarter of 2010 on the divestment of the GSM activities.

## Building Solutions

Turnover in Building Solutions increased 11.6% to € 88.0 million, from € 78.9 million in the third quarter of 2010. The turnover rose in all three sub-segments. The main increase was realized in the segments building technologies and security systems, mainly due to increased turnover in technology for the healthcare sector and the infrastructure market. Despite the challenging market conditions, connectivity systems also showed a growth in turnover. EBITA increased significantly compared to third quarter 2010 as a result of a better mix of activities.

## **Industrial Solutions**

Turnover within the Industrial Solutions segment increased by 23.1% from € 102.0 million to € 125.5 million compared with the third quarter in 2010. This increase in turnover was realized in both connectivity systems and manufacturing systems. The order intake within manufacturing systems was in line with the first two quarters, which means a decrease compared to last year. The order intake within connectivity systems also decreased slightly. EBITA increased significantly compared to third quarter 2010.

## **Developments first nine months**

Turnover in the first nine months of 2011 was up 25.1% to € 803.5 million. Of this increase, 2.5% was due to higher raw material prices charged on to customers. EBITA in the first nine months rose by 40.9% to € 67.1 million (first nine months 2010: € 47.6 million). Net profit before amortization in the first nine months rose by 61.8% to € 44.0 million (first nine months 2010: € 27.2 million). Net profit after amortization rose to € 40.3 million in the first nine months.

## **Outlook**

The activities are developing in line with the outlook which was presented at the announcement of the results over the first half year of 2011.

Within Telecom Solutions the level of investment in the upgrading of quality and capacity of networks for both copper and optical fibre networks has increased. However, investment willingness among consumers is lower which means that the turnover within indoor telecom systems is somewhat under pressure.

Within Building Solutions it is expected that investments in the utility sector in Europe will continue to decline. In contrast, the innovations of the TKH Group in the area of security and care systems and also the market for infrastructure projects show perspective for growth.

Within Industrial Solutions, the order intake is lower compared to last year but in line with the first half of this year and there is a reluctance for investments despite many plans announced for the expansion of capacity and replacement investments in the tire manufacturing sector. Also in the robot and machine building sector there are signs of weakening demand.

Based on the results realized in the first nine months of 2011 and the outlook for the coming months, TKH reiterates its expectation that, barring unforeseen circumstances, for the full year 2011 a net profit before amortization between € 55 to € 60 million will be realized.



Haaksbergen, 10 November 2011

Executive board

For further information: JMA (Alexander) van der Lof MBA,  
*Chairman of the Executive Board*  
Phone +31 53 5732903

Website: [www.tkhgroup.com](http://www.tkhgroup.com)

### Financial calendar

14 December 2011	Extraordinary General Meeting of Shareholders
14 March 2012	Q4 and full year results 2011
9 May 2012	Trading update Q1 2012
15 May 2012	General Meeting of Shareholders 2012
22 August 2012	Q2 and interim results 2012
8 November 2012	Trading update Q3 2012

### Profile

Technology company TKH Group NV (TKH) is an internationally active group of companies that specialises in the creation and delivery of innovative Telecom, Building and Industrial Solutions.

TKH specialises in solutions rather than certain types of activity. In TKH's business segments Telecom Solutions, Building Solutions and Industrial Solutions basic technologies in the fields of ICT and electro-technology from the various operating companies are combined – frequently in partnership with suppliers - to develop total solutions.

Specialists in the fields of marketing, process development, design, engineering and logistics add the final touch of advice and project implementation to enable TKH to offer its customers truly custom-made solutions. We subsequently offer these locally-developed concepts internationally, making optimal use of TKH's in-house experience and know-how.

Telecom Solutions develops, produces and supplies systems ranging from outdoor infrastructure for telecom and CATV networks through to indoor home networking applications. The focus in this business is to provide customers with systems that are totally care-free due to the accompanying system guarantees we provide. TKH Telecom Solutions operates in three distinct sub-segments: optical fibre networks, copper networks and indoor telecom systems.

Building Solutions develops, produces and supplies solutions in the field of efficient electro-technology ranging from applications within buildings through to technical systems that – combined with software – provide efficiency solutions for the care and security sectors. Building Solutions operates in three distinct sub-segments: building technologies, security systems and connectivity systems.



Industrial Solutions, develops, produces and supplies solutions ranging from specialty cable, “plug and play” cable systems through to integrated systems for the production of care and truck tyres. Industrial Solutions operates in two distinct sub-segments: connectivity systems and manufacturing systems.

TKH's continuous focus on research and development gives the company a portfolio of products and services that guarantee technologically-advanced solutions. TKH and its various operating companies are active worldwide. Growth is concentrated in North West and Central and Eastern Europe and Asia. In 2010, TKH booked turnover of € 894 million with a workforce of 3,706 employees.